

Message Text

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PAGE 01 OECD P 13200 01 OF 02 050947Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SSO-00 STR-04 USIE-00 AID-05
CEA-01 CIAE-00 COME-00 EB-07 EA-07 FRB-03 INR-07
NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04
EPG-02 SIL-01 AGRE-00 OMB-01 OES-07 INT-05 L-03
INRE-00 /098 W
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O R 042051Z MAY 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 6462
INFO ALL OECD CAPITALS
USMISSION GENEVA
USDEL MTN GENEVA

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 13200

C O R R E C T E D C O P Y (TEXT)

E.O. 11652: N/A
TAGS: ETRD, OECD
SUBJECT: U.S. PROPOSAL FOR OECD AD HOC STEEL GROUP

REF: A. STATE 95765 B. OECD PARIS 12901
C. STATE 100231 D. OECD PARIS 12988

1. SUMMARY: AT MAY 4 MEETING OF OECD COUNCIL U.S.
PROPOSAL FOR OECD DISCUSSIONS ON STEEL EVOKED GENERALLY
POSITIVE REACTION. LARGE NUMBER OF DELS HOWEVER,
ESPECIALLY JAPAN, WANTED BETTER IDEA OF WHAT GROUP
WOULD DO BEFORE AGREEING TO ITS CONVOCATION. EC
COMMISSION REP WAS UNABLE TO FORMALLY SUPPORT U.S.
PROPOSAL BECAUSE MOST MEMBER STATES WERE UNINSTRUCTED.
ALTHOUGH SECRETARY GENERAL MADE STRONG PLEA FOR AD
REFERENDUM AGREEMENT BY COUNCIL TO NOTE HIS INTENTION
TO CONVENE THE GROUP AFTER DISCUSSIONS WITH INTERESTED
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PAGE 02 OECD P 13200 01 OF 02 050947Z

DELEGATIONS ON THE SCOPE AND TIMING OF ITS WORK, THIS
WAS NOT ACCEPTED AND QUESTION WAS PUT OFF UNTIL NEXT
MEETING, WHICH SECRETARY GENERAL SUGGESTED WOULD TAKE
PLACE FRIDAY, MAY 6. END SUMMARY.

2. U.S. DEL (KATZ) PUT FORWARD U.S. PROPOSAL FOR AD
HOC STEEL GROUP AT OECD COUNCIL BY MAKING STATEMENT

CONTAINED REF A (MINUS LAST SENTENCE ON TERMS OF REFERENCE). INITIAL RESPONSE OF OTHER DELEGATIONS WAS POSITIVE BUT CAUTIOUS. EC COMMISSION REP EXPRESSED STRONG INTEREST IN PROPOSAL BUT SAID COMMUNITY NEEDED A LITTLE TIME TO CONSIDER THE DECISION AND ASKED THAT IT BE PUT ON THE AGENDA FOR THE NEXT MEETING (COMMISSION REP HAD INFORMED U.S. JUST BEFORE MEETING THAT MEMBER STATES WERE MOSTLY UNINSTRUCTED AND UNWILLING TO GO ALONG WITH U.S. PROPOSAL BEFORE CONSULTING CAPITALS. ALTHOUGH MATTER HAD BEEN BEFORE 113 COMMITTEE -- WE UNDERSTAND ONLY CURSORILY -- ONLY TWO MEMBER STATES HAD BEEN INFORMED AND COMMISSION REP HAD ONLY MOST GENERAL INSTRUCTIONS).

3. JAPANESE DEL EXPRESSED POSITIVE VIEW ON CONSULTING ABOUT DIFFICULT SECTORAL SITUATIONS, NOTING THEY PREFERRED MULTILATERAL TO BILATERAL APPROACH, BUT URGED CARE TO AVOID SUCH DISCUSSIONS LEADING IN A PROTECTION-IST DIRECTION. HE THEN MADE STRONG STATEMENT ON NEED TO REACH CONSENSUS ON TASK TO BE ASSIGNED TO GROUP BEFORE ESTABLISHING IT AND, FOR THAT MATTER, BEFORE UNDERTAKING PREPARATORY STUDIES. JAPANESE REP SAID MARKET POLICIES AND PRICE LEVELS WOULD NOT BE PRODUCTIVE AREAS FOR STUDY AND SUGGESTED MEDIUM-TERM SUPPLY AND DEMAND PROSPECTS AND IMPACT OF SUPPLY DEMAND GAPS WOULD BE APPROPRIATE FOCUS FOR WORK. (JAPANESE DEL HAD TOLD US PRIVATELY BEFORE MEETING THAT GOJ COULD BUY MINUTES ENTRY PROPOSED BY SECRETARY GENERAL AS PER REF D BUT LIMITED OFFICIAL USE

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PAGE 03 OECD P 13200 01 OF 02 050947Z

ONLY AMENDED BY "REACHING CONSENSUS" FORMULATION AS REPORTED IN TOKYO 6457, U.S. REP SPECIFICALLY REJECTED THIS ADDITION. JAPANESE AMBASSADOR SAID HE WOULD HAVE TO MAKE STATEMENT ON NEEDING CONSENSUS FOR RECORD. U.S. REP MADE CLEAR IN ADVANCE THAT HE WOULD RESPOND BY INDICATING OUR UNWILLINGNESS TO ACCEPT ANY CONDITIONS THAT WOULD PREVENT OUR RAISING ANY ISSUES OF IMPORTANCE TO US, AS REPORTED BELOW).

4. OTHER DELS (SWEDEN, AUSTRALIA, AUSTRIA, SPAIN AND CANADA, WHO HAD NOT BEEN INVOLVED IN PRIOR CONSULTATIONS) EXPRESSED POSITIVE ATTITUDE TOWARD DISCUSSING SUBJECT IN OECD, BUT WANTED TO KNOW TERMS OF REFERENCE FIRST AND ASKED WHAT KIND OF EXPERTS WOULD ATTEND GROUP (INDUSTRY OR TRADE) AND WHERE GROUP WOULD BE LOCATED WITHIN ORGANIZATION.

5. U.S. DEL EXPLAINED THAT U.S. WAS SUBMITTING PROPOSAL ON BASIS OF RESULTS OF CONSULTATIONS WITH EC

AND JAPAN, NOTED THE BROADLY RECOGNIZED NEED FOR MULTI-

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PAGE 01 OECD P 13200 02 OF 02 042001Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 OECD PARIS 13200

LATERAL DISCUSSION OF STEEL PROBLEMS, AND SAID U.S.
HOPED INFORMAL CONSULTATIVE MECHANISM TO CONSIDER
THESE ON THE BASIS OF SECRETARIAT STUDIES COULD BE CON-
VENED BY SECRETARY GENERAL QUICKLY. HE WENT ON TO SAY
THAT ONCE IT WAS AGREED STEEL CONSULTATIONS SHOULD TAKE
PLACE IT WOULD BE NATURAL AND APPROPRIATE TO WORK OUT
FOR THE GROUP'S CONSIDERATION LIST OF TOPICS OR GENERAL
TERMS OF REFERENCE, AND THAT THIS COULD BE DONE QUICKLY
IN INFORMAL DISCUSSIONS WITH INTERESTED DELEGATIONS.
DRAWING ON REF C U.S. DEL MADE CLEAR, HOWEVER, THAT U.S.
WOULD NOT CONSIDER IT APPROPRIATE IN SUCH AN EXERCISE TO
FORECLOSE THE RAISING OF ISSUES OF IMPORTANCE TO THE
U.S. JUST AS WE WOULD NOT SEEK TO FORECLOSE THE RAISING
OF ISSUES OF INTEREST TO OTHERS. HE OUTLINED U.S. CON-
CEPT OF AN AD HOC GROUP CONVENED BY THE SECRETARY
GENERAL WHICH WOULD CUT ACROSS DISCIPLINARY FIELDS AND
COVER ALL ASPECTS OF THE PROBLEM WHICH WAS WHY U.S. DID
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PAGE 02 OECD P 13200 02 OF 02 042001Z

NOT BELIEVE GROUP SHOULD BE UNDER AEGIS OF ANY COMMITTEE. HE SUGGESTED GOVERNMENTS SHOULD SEND EXPERTS OF A SIGNIFICANTLY HIGH LEVEL TO HAVE MEANINGFUL DISCUSSIONS AND HAVING A BROAD KNOWLEDGE OF THE INDUSTRY.

6. SECRETARY GENERAL VAN LENNEP MADE A STRONG PLEA THAT THE COUNCIL AGREE TO NOTE HIS INTENTION TO ARRANGE CONSULTATIONS ON STEEL, POINTING OUT THE GENERAL OBLIGATION OF MEMBERS UNDER ARTICLE 3B OF THE OECD CONVENTION TO CONSULT WITH EACH OTHER, AND SAYING IT WAS NOT APPROPRIATE FOR MEMBERS TO BLOCK THIS PROCESS BY INSISTING ON KNOWING WHAT THE CONTENTS OF CONSULTATIONS WOULD BE BEFOREHAND. HE NOTED HE HAD BEGUN STUDIES ON HIS OWN RESPONSIBILITY TO IDENTIFY WHETHER PROBLEMS IN THE STEEL SECTOR WERE STRUCTURAL OR CYCLICAL AND THAT IT WAS UP TO HIM TO CONVENE A GROUP TO CONSULT ON A QUESTION HE AND OTHER DELEGATIONS CONSIDERED IMPORTANT, AND NOT NECESSARY FOR THE COUNCIL TO AGREE TO CREATE A GROUP.

7. EC COMMISSION AND UK INDICATED THEY COULD NOT YET ENDORSE SECRETARY GENERAL'S APPROACH BECAUSE NOT ALL MEMBER STATES HAD INSTRUCTIONS, BUT AGREED TO TAKE MATTER UP AGAIN AS SOON AS POSSIBLE. VAN LENNEP EXPRESSED HIS DISAPPOINTMENT THAT EXTENSIVE CONSULTATIONS WITH THE COMMUNITY HAD FAILED TO LEAD TO A FRUITFUL CONCLUSION (POINTING OUT HOW UNHELPFUL THIS WOULD BE FOR FUTURE EFFORTS TO CONSULT WITH THE COMMUNITY ON KEY ISSUES), AND URGED THAT PROPOSED ENTRY IN MINUTES (REPORTED IN REF B) BE ADOPTED AT LEAST AD REFERENDUM. EC COMMISSION SAID THIS ALSO WAS IMPOSSIBLE AND WAS SUPPORTED BY FRENCH, ITALIANS, AND GERMANS. IN CLOSING DEBATE SECRETARY GENERAL NOTED GENERAL SUPPORT FOR THE IDEA OF SPECIAL CONSULTATIONS ON STEEL AND SAID THE COUNCIL WOULD TAKE IT UP AGAIN ON FRIDAY, MAY 6 (FRENCH SAID THEY THOUGHT THIS WAS TOO EARLY, AND ALSO TOOK LIMITED OFFICIAL USE

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PAGE 03 OECD P 13200 02 OF 02 042001Z

EXCEPTION TO THE WORDS "GENERAL SUPPORT").

8. COMMENT: AFTER MEETING EC COMMISSION REP TOLD U.S. DEL THAT HE WAS DISTRESSED BY U.S. STATEMENT TO EFFECT THAT ALL ISSUES COULD BE RAISED IN PROPOSED GROUP ON GROUNDS THAT WAS IMPLICIT CHALLENGE TO WHAT HE BELIEVES EC POSITION TO BE NAMELY THAT TRADE POLICY ISSUES SHOULD NOT BE DISCUSSED. THERE IS THUS A SUB-

STANTIAL GAP BETWEEN THE U.S. AND EC-JAPAN ON THE SUB-
STANCE OF WHAT THE AD HOC GROUP SHOULD DO. BUT THE
STATE OF PLAY AT THIS TIME IS THAT OECD COUNCIL IS
SEIZED WITH PROPOSED DRAFT ENTRY IN MINUTES REF D
WHICH IF ACCEPTED BY COUNCIL WILL SIGNIFY AGREEMENT TO
ESTABLISHMENT OF GROUP BEFORE DISCUSSIONS AMONG INTEREST-
ED DELEGATIONS ESPECIALLY U.S. EC AND JAPAN ON TERMS
OF REFERENCE. WE CONTINUE TO HOPE THAT WE CAN YET
ESTABLISH THIS SEQUENCE AT NEXT COUNCIL MEETING BUT
CANNOT BE CERTAIN THAT IN LIGHT OF TODAY'S DISCUSSION
SOME DELEGATIONS MAY BE INSTRUCTED TO OPPOSE DRAFT
ENTRY AND DEMAND TERMS OF REFERENCE EXERCISE BEFORE
AGREEMENT TO SET UP GROUP. JAPANESE AMBASSADOR HAS
LEFT TOWN AND HIS DELEGATION WILL NOT NOW GUARANTEE
WHAT POSITION WILL BE ON FRIDAY.
KATZ

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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